



NEWS RELEASE

PRESS OFFICE

Release Date: August 23, 2001

Contact: Carol Chastang (202) 205-6987

Release Number: 01-39

Internet Address: www.sba.gov/news/indexheadline.html

BUSINESSES HURT BY RESERVIST CALL-UPS MAY APPLY FOR SBA ECONOMIC INJURY DISASTER LOANS

WASHINGTON – The U. S. Small Business Administration will make low interest loans available to small businesses employing military reservists called to active duty during a period of military conflict, provided he or she is an essential employee critical to the success of the business's daily operation.

If the absence of the reservist employee causes the business "substantial economic injury," the business owner can apply for a Military Reservist Economic Injury Disaster Loan (MREIDL) through the SBA's disaster offices listed below.

"The loss of a key person—even for a short time—can devastate any small company. Small businesses sometimes fail when such an employee is called away to military service," SBA Administrator Hector V. Barreto said. **"This program will provide economic support for those businesses, which in some cases are the major source of jobs in those communities.**

We must do all we can to protect these companies," Barreto said.

The program applies to military conflicts occurring or ending on or after March 24, 1999. Small businesses meeting all the eligibility requirements have until November 24, 2001, to apply for a loan. Otherwise, the filing period begins the date the essential employee is ordered to active duty and ends 90 days after the date the employee is discharged from active duty.

The maximum interest rate for this loan program is 4 percent, with terms up to a maximum of 30 years. The SBA will determine the term of each loan and the installment payment amount, based on the financial circumstances of each borrower.

Loans are capped at \$1.5 million, based on the actual economic injury not covered by insurance, as calculated by the SBA. If the business is a major source of employment in the community, the SBA can waive the \$1.5 million limit.

The SBA requires borrowers to purchase and maintain full hazard insurance for the life of the loan. Borrowers whose property is located in a special flood hazard area must purchase flood insurance for the full value of the property.

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Businesses interested in applying for an economic injury disaster loan can contact one of the four SBA disaster area offices to obtain an application. Below are the phone numbers for the offices, and the states each office serves:

Niagara Falls, NY 14303

1-800-659-2955

Serves: Connecticut, District of Columbia, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands, Virginia, and West Virginia

Atlanta, GA 30308

1-800-359-2227

Serves: Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee and Wisconsin

Ft. Worth, TX 76155

1-800-366-6303

Serves: Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming

Sacramento, CA 95853-4795

1-800-488-5323

Serves: Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon and Washington

The SBA makes low-interest disaster loans to homeowners, renters and non-farm businesses of all sizes. Homeowners may borrow up to \$200,000 to repair or replace damaged real estate. Individuals may borrow up to \$40,000 to cover losses to personal property.

Non-farm businesses and non-profit organizations of any size may apply for up to \$1.5 million to repair or replace business assets. Small businesses that suffered economic losses may apply for a working capital loan of up to \$1.5 million, even if the property was not physically damaged.

During fiscal year 2000, SBA made over \$1 billion in disaster loans to more than 28,000 homeowners, renters and businesses of all sizes.

To find out more about SBA's disaster assistance program, visit the web site at www.sba.gov/disaster.

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